



What Would Happen if City Hall Contracted Out its Toilet Paper Delivery?

Posted by [Pierluigi Oliverio](#) on Monday, June 09, 2008

Did you know the city has a central warehouse that costs over \$850,000 a year to operate? (Yes, we do. We really shouldn't be surprised; this is the same city that spends over \$30 million on three public golf courses.) Back to the warehouse: It stocks items like toilet paper, batteries, landscaping materials and cleaning products. The \$850,000 is the annual cost of the seven employees and running the warehouse, and does not include the cost of the actual inventory.

The council discussed the possibility of "exploring the idea" of contracting out the services of the warehouse last week. However, after some discussion, the council decided to defer this item until August/September to allow for additional input from the labor unions. The city is investigating if it would be cheaper to manage the warehouse via a contracted company under its public-private competition policy from 1997.

The idea is to take advantage of what other large organizations do. For example, many of them have "just in time" (JIT) delivery of their supply chain needs. In fact, many high-tech companies have vastly more complicated global supply chains than the City of San Jose. These companies have gone "virtual" with their manufacturing and warehousing via third party logistics providers who execute the JIT programs.

One of the benefits is not having carrying costs of the actual inventory. By using a JIT program we would only pay for the toilet paper once it has been delivered to City Hall, instead of when it is in the warehouse collecting dust. You should not fret about bathrooms running out of toilet paper as the chosen company will be required to have additional local inventory that is deliverable to the specific city facility within a certain amount of time.

We could redeploy the seven warehouse employees to other jobs at the corporation yard, City Hall, civilian positions in our police department, or the sewage treatment plant, for example.

Union leaders assert that the warehouse and the seven employees are strategic resources for the city in case of an emergency—two good points. However, the city is not going to actually sell the warehouse property and all city employees are asked to help out in case of an emergency, not just these seven.

The residents of San Jose want us to look at areas where the city can be more efficient and save money. Therefore, I believe we owe it to the taxpayers to explore ways we can do so. I just hope that city staff and the labor unions will have a truly open dialogue on this topic so all issues are vetted fairly before it comes back to council later in the year.

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